

06-1120

**TOWNSHIP OF WHITNEY**

**Arenac County, Michigan**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**  
*With Auditor's Report*  
JUL 15 2004  
*Year Ended March 31, 2004*

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

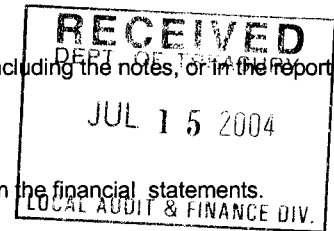
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>WHITNEY TOWNSHIP</b>	County <b>ARENAC</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/12/04</b>	Date Accountant Report Submitted to State: <b>7/14/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

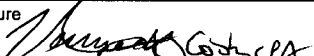


You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>KENNETH B. COOK, CPA, PC</b>			
Street Address <b>438 LAKE STREET</b>	City <b>TAWAS CITY</b>	State <b>MI</b>	ZIP <b>48763</b>
Accountant Signature 		Date <b>7/12/04</b>	

***TOWNSHIP OF WHITNEY***  
***Arenac County, Michigan***

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# Kenneth B. Cook, CPA, PC

Certified Public Accountant



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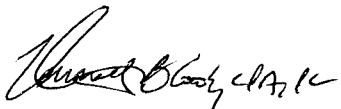
July 12, 2004

Members of the Township Board  
Township of Whitney  
Arenac County, Michigan

I have audited the accompanying financial statements of the Township of Whitney, Arenac County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Whitney, Arenac County, as of March 31, 2004 and the results of operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.



Kenneth B. Cook, CPA, PC  
Certified Public Accountant

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combined Balance Sheet - All Fund Types**  
**March 31, 2004**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
<u>Assets</u>			
Cash - Checking & Savings	\$157,004	\$212,881	\$115,770
Cash - Certificates & Time Deposits	42,065	-	272,963
Accounts Receivable	-	-	5,988
Special Assessments Receivable	20,341	-	43,841
Delinquent Taxes Receivable	6,565	5,236	-
Due from Other Funds	6,362	116	-
Land	-	-	-
Buildings	-	-	-
Equipment and Furniture	-	-	2,352
Amount to be provided for Capital Lease			
Lease Obligation	-	-	-
Total Assets	<u>\$232,336</u>	<u>\$218,233</u>	<u>\$440,914</u>
<u>Liabilities &amp; Fund Equity</u>			
Liabilities:			
Accounts Payable	\$2,797	\$272	\$92
Obligations Under Capital Lease	-	-	-
Due to Individuals	-	13,525	-
Due to Other Funds	116	840	-
Total Liabilities	<u>2,913</u>	<u>14,637</u>	<u>92</u>
Fund Equity:			
Contributed Capital	-	-	387,781
Investment in General Fixed Assets	-	-	-
Retained Earnings			
Unreserved	-	-	53,041
Fund Balance			
Unreserved	229,423	203,596	-
Total Fund Equity	<u>229,423</u>	<u>203,596</u>	<u>440,822</u>
Total Liabilities & Fund Equity	<u>\$232,336</u>	<u>\$218,233</u>	<u>\$440,914</u>

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Types	Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Agency			
\$5,522	-	-	\$491,177
-	-	-	315,028
-	-	-	5,988
-	-	-	64,182
-	-	-	11,801
-	-	-	6,478
-	32,208	-	32,208
-	234,779	-	234,779
-	326,810	-	329,162
-	-	54,000	54,000
<u>\$5,522</u>	<u>\$593,797</u>	<u>\$54,000</u>	<u>\$1,544,802</u>
-	-	-	\$3,161
-	-	54,000	54,000
-	-	-	13,525
5,522	-	-	6,478
<u>5,522</u>	<u>0</u>	<u>54,000</u>	<u>77,164</u>
-	-	-	387,781
-	593,797	-	593,797
-	-	-	53,041
-	-	-	433,019
<u>0</u>	<u>593,797</u>	<u>0</u>	<u>1,467,638</u>
<u>\$5,522</u>	<u>\$593,797</u>	<u>\$54,000</u>	<u>\$1,544,802</u>

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**  
**Combined Statement of Revenue, Expenditures and Changes in**  
**Fund Balance - All Governmental Fund Types**  
**For the Year Ended March 31, 2004**

	Governmental Fund Types		
	General	Special Revenue	Totals (Memorandum Only)
Revenues:			
Taxes	\$96,420	\$77,285	\$173,705
Licenses & Permits	-	5,690	5,690
State Shared Revenue	70,765	-	70,765
Charges for Services	11,613	400	12,013
Interest on Investments	1,394	805	2,199
Interest on Assessments	767	-	767
Rents	5,740	-	5,740
Total Revenues	186,699	84,180	270,879
Expenditures:			
Township Board	32,537	-	32,537
Supervisor	9,028	-	9,028
Elections	-	-	0
General Services Administration:			
Assessor	14,848	-	14,848
Clerk	11,598	-	11,598
Board of Review	819	-	819
Treasurer	11,645	-	11,645
Building & Grounds	11,895	-	11,895
Liquor Law Enforcement	429	-	429
Fire Protection	-	11,641	11,641
Highways, Streets & Bridges	46,962	-	46,962
Drains	1,722	-	1,722
Street Lighting	5,518	-	5,518
Planning & Zoning	6,579	-	6,579
Conservation of Natural Resources	-	94	94
Building Inspection	-	5,514	5,514
Cemetery & Landfill	36,400	-	36,400
Library	8,930	-	8,930
Capital Outlay	1,315	5,048	6,363
Total Expenditures	200,225	22,297	222,522
Excess of Revenues Over (Under) Expenditures	(13,526)	61,883	48,357
Other Financing Sources (Uses):			
Operating Transfers In (Out)	840	(840)	0
Debt Retirement	(30,000)	-	(30,000)
Excess of Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	(42,686)	61,043	18,357
Fund Balance, April 1, 2003	272,109	142,553	414,662
Fund Balance, March 31, 2004	\$229,423	\$203,596	\$433,019

The notes to the financial statements are an integral part of this statement.

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combined Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual - All Governmental Fund Types**  
**For the Year Ended March 31, 2004**

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$91,500	\$96,420	\$4,920
Licenses & Permits	-	-	-
State Shared Revenue	70,000	70,765	765
Charges for Services	5,983	11,613	5,630
Interest on Investments	100	1,394	1,294
Interest on Assessments	-	767	767
Rents	6,000	5,740	(260)
Total Revenues	173,583	186,699	13,116
Expenditures:			
Township Board	33,750	32,537	1,213
Supervisor	10,076	9,028	1,048
Elections	1,500	-	1,500
General Services Administration:			
Assessor	17,530	14,848	2,682
Clerk	12,810	11,598	1,212
Board of Review	1,400	819	581
Treasurer	12,892	11,645	1,247
Building & Grounds	12,205	11,895	310
Liquor Law Enforcement	470	429	41
Fire Protection	-	-	-
Highways, Streets & Bridges	49,000	46,962	2,038
Drains	5,000	1,722	3,278
Street Lighting	6,000	5,518	482
Planning & Zoning	6,400	6,579	(179)
Conservation of Natural Resources	-	-	-
Building Inspection	-	-	-
Cemetery & Landfill	36,400	36,400	0
Library	9,100	8,930	170
Capital Outlay	1,400	1,315	85
Total Expenditures	215,933	200,225	15,708
Excess of Revenues Over (Under) Expenditures	(42,350)	(13,526)	28,824
Other Financing Sources (Uses):			
Operating Transfers In (Out)	840	840	0
Debt Retirement	(30,000)	(30,000)	0
Excess of Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	(71,510)	(42,686)	28,824
Fund Balance, April 1, 2003	272,109	272,109	0
Fund Balance, March 31, 2004	\$200,599	\$229,423	\$28,824

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$49,000	\$77,285	\$28,285	\$140,500	\$173,705	\$33,205
5,000	5,690	690	5,000	5,690	690
-	-	-	70,000	70,765	765
-	400	400	5,983	12,013	6,030
295	805	510	395	2,199	1,804
-	-	-	0	767	767
-	-	0	6,000	5,740	260
54,295	84,180	29,885	227,878	270,879	43,001
-	-	-	33,750	32,537	1,213
-	-	-	10,076	9,028	1,048
-	-	-	1,500	0	1,500
-	-	-	17,530	14,848	2,682
-	-	-	12,810	11,598	1,212
-	-	-	1,400	819	581
-	-	-	12,892	11,645	1,247
-	-	-	12,205	11,895	310
-	-	-	470	429	41
17,600	11,641	5,959	17,600	11,641	5,959
-	-	-	49,000	46,962	2,038
-	-	-	5,000	1,722	3,278
-	-	-	6,000	5,518	482
-	-	-	6,400	6,579	(179)
200	94	106	200	94	106
14,550	5,514	9,036	14,550	5,514	9,036
-	-	-	36,400	36,400	0
-	-	-	9,100	8,930	170
5,500	5,048	452	6,900	6,363	537
37,850	22,297	15,553	253,783	222,522	31,263
16,445	61,883	45,438	(25,905)	48,357	74,262
(840)	(840)	0	0	0	0
-	-	0	(30,000)	(30,000)	0
15,605	61,043	45,438	(55,905)	18,357	74,262
142,553	142,553	0	414,662	414,662	0
\$158,158	\$203,596	\$45,438	\$358,757	\$433,019	\$74,262

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combined Statement of Revenue, Expenses and Changes in**  
**Retained Earnings - Budget and Actual - All Proprietary Fund Types**  
**For the Year Ended March 31, 2004**

	Water Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenues:			
Water Charges	\$180,000	\$185,968	\$5,968
Charges for Services	2,400	1,970	430
Sale of Fixed Assets	-	-	0
Total Operating Revenue	182,400	187,938	6,398
Operating Expenses:			
Purchase of Water and O&M	168,000	167,726	274
Salaries and Wages	6,900	5,700	1,200
Payroll Taxes & Employee Benefits	500	441	59
Supplies	13,000	5,767	7,233
Telephone	700	628	72
Contracted Services	1,000	975	25
Miscellaneous	11,284	8,750	2,534
Total Operating Expenses	201,384	189,987	11,397
Operating Income (Loss)	(18,984)	(2,049)	17,795
Non-Operating Revenues (Expenses):			
Interest on Investments	1,000	7,144	6,144
Total Non-Operating Revenues (Expenses)	1,000	7,144	6,144
Income Before Operating Transfers	(17,984)	5,095	23,079
Operating Transfers In (Out)	30,862	30,862	0
Net Income (Loss)	12,878	35,957	23,079
Retained Earnings, March 31, 2003	17,084	17,084	0
Retained Earnings, March 31, 2004	\$29,962	\$53,041	\$23,079
Contributed Capital, March 31, 2003		\$415,271	
Other Financing Sources (Uses):			
Transfers In (Out) for Bond Redemption		(30,862)	
Interest Earned on Special Assessments		3,372	
Contributed Capital, March 31, 2004		\$387,781	

The notes to the financial statements are an integral part of this statement.

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**Year Ended March 31, 2004**

	Proprietary Fund Type
	Enterprise
	Water Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$192,830
Cash Paid to Suppliers and Employees	(189,935)
Interest Received on Investments	7,144
Purchase of Fixed Assets	-
Cash Received from Sale of Fixed Assets	-
Net Cash Provided (Used) by Operating Activities (Note 4)	10,039
Cash Flows from Non capital Financing Activities:	
Cash Received from Other Funds	-
Cash Received (Paid) from Grants	-
Cash Paid to Other Funds	-
Net Cash Provided (Used) by Non Capital Financing Activities	0
Cash Flows from Capital and Related Financing Activities:	
Cash Received from Special Assessments	-
Interest Received on Special Assessments	3,372
Financing Activities:	
Cash purchase of Property, Plant & Equipment	-
Repayment of Bonds Payable	-
Repayment of Contracts Payable	-
Interest Paid On Long-Term Debt	-
Net Cash Provided (Used) by Capital and Related Financing Activities	3,372
Net Increase (Decrease) in Cash and Cash Equivalents	13,411
Cash and Cash Equivalents at Beginning of Year	375,322
Cash and Cash Equivalents at End of Year	\$388,733

The notes to the financial statements are an integral part of this statement.

*Township of Whitney  
Arenac County, Michigan*

Notes to Financial Statements  
*March 31, 2004*

Note 1 - Summary of Significant Accounting Policies

Description of Township Operations and Fund Types

Whitney Township operates under an elected Township Board (five members) and provides services to its more than 1,033 residents in many areas including fire protection, street lighting, refuse collection and improvement of local streets. In accordance with provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis the financial statements of certain other governmental organizations listed below are not included in the financial statements of the Township.

Educational services are provided to citizens through the local school districts which are separate governmental entities and are not a part of this report. Water intake and treatment are provided to Whitney Township by contract with Sims-Whitney Utilities Authority which is a separate governmental entity and is not a part of this report. The Whitney Township Building Authority functions as a separate entity. The examination of the entity is reflected in a separate audit report. Cemetery and landfill operations are shared with Sims Township and are under the control of that governmental entity, therefore, are not a part of this report.

Basis of Presentation:

The financial activities of the Township are recorded in the fund described as follows:

Governmental Funds

General Fund

This fund is used to account for all the transactions not accounted for in another fund, including the general operating expenditures of the Township revenues which are primarily derived from property taxes and state distributions.

Special Revenue Funds

These funds (Fire Fund, Gypsy Moth Fund & Building Inspection Fund) are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal, regulatory or administrative action.

### Proprietary Fund

#### Enterprise Fund

This fund (Water Fund) reports operations that provide services which are financed primarily with user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

### Fiduciary Fund

This fund (Property Tax Collection Fund) is used to account for assets held in an agency capacity for others.

### Account Groups

#### General Fixed Asset Group of Accounts

This account group presents the fixed assets the local unit utilizes in its general operations (non-proprietary fixed assets).

#### General Long Term Debt Group of Accounts

This account group presents the balance of general obligation long-term debt of the Township.

### Basis of Accounting

The financial statements have been prepared using the modified accrual basis of accounting. Revenues are recognized in the period they become available and measurable. Expenditures are recognized in the period they are incurred.

The financial statements of Proprietary Funds are reflected on the accrual basis of accounting.

### Inventories

Inventories have not been recognized in the financial statements as materials and supplies are not material and have been expensed when purchased.

### Property and Equipment

Property and equipment recorded in the Proprietary Fund has been stated at cost. Expenditures which significantly extended the useful life of existing assets are capitalized. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets.

### Budgets

Significant governmental funds are under formal budgetary control. Budgets shown in the financial statements were prepared on a basis not significantly different from the modified accrual basis used to reflect the actual results of operations. The budget amounts reflected in the financial statements include any authorized amendments to the original budget.

### Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents include time time deposits and certificates of deposit.

## Note 2 - Excess of Expense over Budget

P.A. 621 of 1978, Section 18(1), as amended, requires the adoption of a balanced budget for the General Fund, as well as budget amendments as needed to prevent actual expenditures from exceeding those amounts appropriated.

During the year ended March 31, 2004, the Township incurred expenses in excess of the amounts appropriated. Where applicable these instances have been noted in the "Variance" column as (Unfavorable).

## Note 3 - Interfund Receivables and Payables

The amounts of interfund receivables and payables on March 31, 2004 are as follows:

### Interfund Receivables:

General Fund	\$6,362
Fire Fund	73
Gypsy Moth Fund	43
Total	<u>\$6,478</u>

### Interfund Payables:

General Fund	\$116
Building Inspection Fund	\$840
Property Tax Collection Fund	5,522
Total	<u>\$6,478</u>

## Note 4 - Cash and Cash Equivalents

The Township's deposits are in compliance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$453,023	\$453,023
Uninsured	353,182	371,328
Total	<u>\$806,205</u>	<u>\$824,351</u>

In accordance with GASB Statement No. 3, investments are normally classified into three categories of credit risk. The nature of mutual funds, bond funds, and investment pools does not allow for risk categorizations, which is in accordance with GASB Statement No. 3.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Non risk-Categorized Certificates of Deposit	\$315,028	\$315,028

These investments comply with PA 20 of 1943, as amended (MCL 129.91)

#### Note 5 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$32,208	\$0	\$0	\$32,208
Buildings	234,779	0	0	234,779
Equipment & Furniture	320,447	6,363	0	326,810
Total	<u>\$587,434</u>	<u>\$6,363</u>	<u>\$0</u>	<u>\$593,797</u>

#### Note 6 - Capitalized Lease

On February 14, 1978 Whitney Township entered into a lease with the Whitney Township Building Authority for the lease of the Township Hall. The township hall was completed during the fiscal year 1979-1980. The annual lease payment is equal to the debt service requirement of the Building Authority. Upon full payment of all principal and interest requirement, the Building Authority will convey title to the Township.

The total cost of the township hall, which amounted to \$216,037, is reported in the General Fixed Asset Account Group. No depreciation is provided.

The minimum lease payments are recorded in the Long-Term Debt Account Group. A schedule of the minimum lease payments is detailed as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2004-05	\$9,700
2005-06	9,350
2006-07	9,000
2007-08	9,650
2008-09	9,250
2009-10	8,850
2010-11	8,450
2011-12	1,050
Net minimum lease payments	65,300
Less: Amount representing Interest	(11,300)
Present Value of Net Minimum Lease Payable	<u>\$54,000</u>

#### Note 7 - Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the year ended March 31, 2004:

	<u>General Obligation</u>
Capitalized Lease Payable April 1, 20003	\$80,000
Lease payments	(26,000)
Capitalized Lease Payable March 31, 2004	<u>\$54,000</u>

#### Note 8 - Retirement Plan

The Township adopted a defined contribution pension plan covering substantially all its employees, effective July 1, 1992. The pension expense for 2003-04 was based on 7.5% of compensation. The plan is being operated through the Travelers Insurance Company with benefits fully vested from date of deposit.

#### Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for physical damage (building and contents) and medical benefit claims. Settled claims for the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

#### Note 10 - Totals (Memorandum Only)

The total column on the Combined Statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination's have not been made on the aggregate of this data.

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combining Balance Sheet - All Special Revenue Funds**  
**March 31, 2004**

	Fire Fund	Gypsy Moth Fund	Building Inspection Fund	Totals
<u>Assets</u>				
Cash - Checking & Savings	\$101,088	\$97,128	\$14,665	\$212,881
Delinquent Taxes Receivable	3,491	1,745	-	5,236
Due from Other Funds	73	43	-	116
Total Assets	<u>\$104,652</u>	<u>\$98,916</u>	<u>\$14,665</u>	<u>\$218,233</u>
<u>Liabilities &amp; Fund Equity</u>				
Liabilities:				
Accounts Payable	\$29	94	149	\$272
Due to Individuals	-	-	13,525	13,525
Due to Other Funds	-	-	840	840
Total Liabilities	<u>29</u>	<u>94</u>	<u>14,514</u>	<u>14,637</u>
Fund Equity:				
Fund Balance				
Unreserved	104,623	98,822	151	203,596
Total Fund Equity	<u>104,623</u>	<u>98,822</u>	<u>151</u>	<u>203,596</u>
Total Liabilities & Fund Equity	<u>\$104,652</u>	<u>\$98,916</u>	<u>\$14,665</u>	<u>\$218,233</u>

The notes to the financial statements are an integral part of this statement.

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**All Special Revenue Funds**  
**For the Year Ended March 31, 2004**

	Fire Fund	Gypsy Moth Fund	Building Inspection Fund	Totals
Revenues:				
Taxes	\$51,527	\$25,758	-	\$77,285
Licenses & Permits	-	-	5,690	5,690
Charges for Services	400	-	-	400
Interest on Investments	186	592	27	805
Total Revenues	52,113	26,350	5,717	84,180
Expenditures:				
Fire Protection	11,641	-	-	11,641
Conservation of Natural Resources	-	94	-	94
Building Inspection	-	-	5,514	5,514
Capital Outlay	5,048	-	-	5,048
Total Expenditures	16,689	94	5,514	22,297
Excess of Revenues Over (Under) Expenditures	35,424	26,256	203	61,883
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	(840)	(840)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	35,424	26,256	(637)	61,043
Fund Balance, April 1, 2003	69,199	72,566	788	142,553
Fund Balance, March 31, 2004	<u>\$104,623</u>	<u>\$98,822</u>	<u>\$151</u>	<u>\$203,596</u>

The notes to the financial statements are an integral part of this statement.

**TOWNSHIP OF WHITNEY**  
**Arenac County, Michigan**

**Statement of Changes in Assets and Liabilities-All Agency Funds**  
**March 31, 2004**

**PROPERTY TAX COLLECTION FUND**

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<u>Assets</u>				
Cash - Checking & Savings	\$3,118	\$1,529,654	(\$1,527,250)	\$5,522
Total Assets	<u>\$3,118</u>	<u>\$1,529,654</u>	<u>(\$1,527,250)</u>	<u>\$5,522</u>
<u>Liabilities</u>				
Due to Other Governmental Units	\$0	\$1,354,165	(\$1,354,165)	\$0
Due to Individuals	0	9,001	(9,001)	0
Due to Other Funds	3,118	166,488	(164,084)	5,522
Total Liabilities	<u>\$3,118</u>	<u>\$1,529,654</u>	<u>(\$1,527,250)</u>	<u>\$5,522</u>

**TOTALS - ALL AGENCY FUNDS**

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<u>Assets</u>				
Cash - Checking & Savings	\$3,118	\$1,529,654	(\$1,527,250)	\$5,522
Total Assets	<u>\$3,118</u>	<u>\$1,529,654</u>	<u>(\$1,527,250)</u>	<u>\$5,522</u>
<u>Liabilities</u>				
Due to Other Governmental Units	\$0	\$1,354,165	(\$1,354,165)	\$0
Due to Individuals	0	9,001	(9,001)	0
Due to Other Funds	3,118	166,488	(164,084)	5,522
Total Liabilities	<u>\$3,118</u>	<u>\$1,529,654</u>	<u>(\$1,527,250)</u>	<u>\$5,522</u>

The notes to the financial statements are an integral part of this statement.

# Kenneth B. Cook, CPA, PC

Certified Public Accountant



438 Lake Street, P.O. Box 127  
Tawas City, MI 48764  
Phone: (989) 362-4412  
Fax: (989) 362-5171

July 12, 2004

Members of the Township Board  
Township of Whitney  
Arenac County, Michigan

In the planning and performing of my audit of the general purposed financial statements of the Township of Whitney, for the year ended March 31, 2004, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Township of Whitney's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

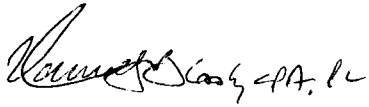
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that error or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. I noted no matters involving the internal control structure and its operation that I consider to be a material weakness as defined above. Items of lesser importance and comments on certain items for information purposes only follow.

This report is intended solely for the use of management and the Michigan Department of Treasury. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board, is a matter of public record.

**Separation of Duties:**

Due to the small staffing at Whitney Township, it is impossible to have different individuals perform bank reconciliation's, bank deposits and collection of cash to better segregate duties. This will be an ongoing internal control weakness until the township employs assistants and separation of duties.

A handwritten signature in black ink, appearing to read "Kenneth B. Cook CPA, PC".

Kenneth B. Cook, CPA, PC  
Certified Public Accountant